

**Public Chapter 418**

**SENATE BILL NO. 1618**

**By Atchley**

Substituted for: House Bill No. 1123

By Ritchie, Armstrong, Bittle, Boyer, Burchett

AN ACT To amend Tennessee Code Annotated, Title 49, Chapter 9, concerning the University of Tennessee Memorial Research Center and Hospital.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 9, is amended by adding a new part to read as follows:

Part 13

UNIVERSITY OF TENNESSEE MEMORIAL RESEARCH CENTER AND HOSPITAL

49-9-1301. (a) The board of trustees is authorized to:

(1) Take all steps necessary for the creation of a private nonprofit corporation under the Tennessee Nonprofit Corporation Act, Chapters 51-88 of Title 48, Tennessee Code Annotated, for the purpose of operating the University of Tennessee Memorial Research Center and Hospital. Except as provided in subsection (b)(2), the corporation shall have all the rights and powers of a nonprofit corporation under the Tennessee Nonprofit Corporation Act. The corporation shall not be an agency, department, or political subdivision of the state. The charter of the nonprofit corporation shall include that its purpose is to operate the University of Tennessee Memorial Research Center and Hospital in a manner which will fulfill the hospital's mission statement of dedication to its continuation as the premier center to offer medical care to the underserved population of the thirteen (13) county area served by the hospital. The corporation shall not be subject to any provisions of law affecting only governmental or public entities;

(2) Enter into contracts with the corporation created under this section for goods, services, and facilities in support of the programs of the university; and

(3) With prior approval of the Attorney General and Reporter and with prior approval of the State Building Commission in consultation with the majority and minority leaders of both Houses of the General Assembly, transfer to a corporation created under this section any or all

assets used in or related to operation of the University of Tennessee Memorial Research Center and Hospital on such terms and conditions as the trustees deem in the best interest of the university and state; provided, however, that the trustees shall take action to provide for continued support of the education and research missions of the university in the health sciences, including, without limitation, access to facilities that will offer clinical experience for students in the health sciences.

(b) (1) Debts or other obligations of a corporation created under this section shall be payable only from assets of the corporation and shall not be debts or obligations of the state. Neither the university nor the state shall have any legal or other obligation to finance the deficits of, or provide financial support to, the corporation. Effective on the date of transfer of operation of the hospital to a corporation created under this section, neither the state nor the university shall have any legal, financial, or other responsibility or liability for the operation of the hospital or the corporation.

(2) In addition to any other law governing the conveyance of assets from a not-for-profit corporation to another entity or a dissolution of assets of a not-for-profit hospital, any subsequent conveyance by any private nonprofit corporation which has acquired all or part of the assets originally owned by the University of Tennessee Memorial Research Center and Hospital shall only be authorized with prior approval of the Attorney General and Reporter and with prior approval of the State Building Commission and with prior approval of the General Assembly. It is the intent of the General Assembly that any such subsequent conveyance by such private nonprofit corporation shall provide for the repayment of the sums of three million dollars (\$3,000,000) to the State of Tennessee, two million dollars (\$2,000,000) to Knox County and two million dollars (\$2,000,000) to the City of Knoxville.

(c)(1) Prior to entering into any contracts, authorized pursuant to subsection (a)(2), with the corporation created under this section, the board of trustees shall hold at least four (4) public hearings in the area served by the University of Tennessee Memorial Research Center and Hospital to explain the contents and conditions of each contract. The four (4) public hearings must be held at least thirty (30) days prior to entering into any such contracts. Two (2) weeks notice shall be given prior to each such public hearing. The notice shall be:

(A) Published in one (1) or more newspapers of general circulation in the area served by the hospital;

(B) Posted in the emergency room and the hospital admissions area; and

(C) Posted in one or more public places in the area served by the hospital.

At least one (1) of the public hearings must be held in Knox County.

(2) If the provisions of any of such contracts are materially revised following such public hearings, the revised contract or contracts

shall be published in the same newspapers in which the notices of the public hearings were published at least one (1) week prior to being signed by the board.

(3) Any contract entered into in violation of the provisions of this subsection shall be null and void.

49-9-1302. All meetings of the board of trustees concerning actions authorized by this Part 13 shall be conducted as public meetings in accordance with Title 8, Chapter 44, Part 1.

49-9-1303. The University of Tennessee Memorial Research Center and Hospital and its successors shall remain committed to serving the hospital's traditional patients and the health care needs of the City of Knoxville, Knox County, and the surrounding region.

49-9-1304. (a) In carrying out any transfer of the University of Tennessee Memorial Research Center and Hospital under this Part 13, the board of trustees shall make reasonable efforts to provide for the transition of employees from state to non-state employment in an orderly and equitable manner.

(b) With respect to employees previously employed by the University of Tennessee Memorial Research Center and Hospital, the private nonprofit hospital created pursuant to this new Part 13 shall provide:

(1) a defined insurance and leave benefits package which is equivalent to or better than the benefits package previously enjoyed by employees of the University of Tennessee Memorial Research Center and Hospital; and

(2) a deferred compensation program and a defined fixed-benefits retirement plan which is equivalent to or better than the deferred compensation program and retirement plan available to participants within the Tennessee Consolidated Retirement System.

(c) Any person employed by the University of Tennessee Memorial Research Center and Hospital on the effective date of this act shall continue to be eligible for the same tuition reduction authorized to any other employee of the University of Tennessee to the same extent such person was entitled to receive such tuition reduction while employed by the University of Tennessee Memorial Research Center and Hospital as long as such person remains an employee of the private nonprofit hospital created pursuant to this new Part 13.

(d) For those employees employed by the University of Tennessee Memorial Research Center and Hospital, it is the legislative intent that the private nonprofit hospital created pursuant to this new Part 13 shall provide compensation at least equivalent to their current compensation and shall make reasonable allowance for their accumulated benefits (i.e. sick leave, vacation, educational benefits, etc.) such employees were eligible for at the time of such transfer.

(e) With respect to employees previously employed by the University of Tennessee Memorial Research Center and Hospital, the private nonprofit hospital created pursuant to this new Part 13 shall only impose personnel terminations, layoffs, suspensions or demotions for cause and shall provide affected employees with due process rights and procedures which are equivalent

to or better than the due process rights and procedures that such employees previously enjoyed as employees of the University of Tennessee Memorial Research Center and Hospital.

49-9-1305. At least sixty (60) days prior to any transfer of assets under this act, the board of trustees shall notify the Attorney General and Reporter, the State Building Commission, and the majority and minority leaders of both Houses of the General Assembly. In deciding whether to approve a transfer of assets under this act, the Attorney General and Reporter and the State Building Commission shall consider whether the transfer of assets will comply with the provisions of Section 1303 of this chapter, whether any illegal or improper conflicts of interest exist and whether the transaction is otherwise consistent with laws governing the transfer of state-owned assets.

49-9-1306. Nothing contained in this Part 13 shall be deemed or construed to waive or abrogate in any way the sovereign immunity of the state, the university, or any officer or employee of the state or the university.

49-9-1307. This Part 13 shall constitute full and complete authority, without regard to the provisions of any other law, for the doing of the acts and things herein authorized and shall be liberally construed to effect the purposes hereof. Insofar as the provisions of this chapter are inconsistent with the provisions of any other law, general, specific or local, the provisions of this chapter shall be controlling.

49-9-1308. The provisions of this Part 13 are severable, and if any provision is held by any court of competent jurisdiction to be unconstitutional or otherwise invalid, the remaining provisions shall remain in full force and effect.

49-9-13\_\_\_. No member of the board of trustees of the University of Tennessee Memorial Research Center and Hospital or such trustees' immediate family shall derive any financial benefit from the transfer of such hospital to a nonprofit corporation as authorized by this part.

SECTION 2. No expenditure of public funds pursuant to this act shall be made in violation of the provisions of Title VI of the Civil Rights Act of 1964, as codified in 42 United States Code 2000d.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.